

## **LANCASHIRE COMBINED FIRE AUTHORITY**

### **AUDIT COMMITTEE**

Meeting to be held on 26 January 2017

### **CHANGES TO ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITORS**

**(Appendix 1 Refers)**

#### **Contact for further information:**

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#### **Executive Summary**

The current external audit appointment ends following the conclusion of the 2017/18 audits. As such the Authority will need to make alternative arrangements for appointing an auditor.

The Secretary of State has now appointed Public Sector Audit Appointments to appoint local auditors under a national scheme.

#### **Decision Required**

The Committee is asked to recommend opting-in to the national procurement being undertaken by Public Sector Audit Appointments to the full Authority.

#### **Information**

As previously reported, the external auditor for the audit of the accounts for 2018/19 has to be appointed before the end of 2017. As such the Committee agreed, in March 2016, to indicate its intention to “opt-in” to the national Sector Led Body.

The Secretary of State has now appointed Public Sector Audit Appointments to appoint local auditors under a national scheme. The timetable means we need to formally opt in to this scheme by 9 March 2017. Whilst the Audit Committee need to consider this issue, the relevant regulations mean that the full Authority has to reach a decision as to whether they wish to opt in to this or not.

Information relating to the scheme is set out in Appendix 1 but some of the key points are:-

- Auditor appointments will operate for audits of the accounts from 2018/19 and for a period of 5 years.
- The scheme will save time and resources for local government bodies.
- A collective procurement should result in the best prices, keeping the cost of audit as low as possible without compromising on audit quality.
- The Local Audit and Accountability Act 2014 provide that firms must be registered as local public auditors with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of registered firms’ work will be subject to scrutiny by both the RSB

and the Financial Reporting Council (FRC), under arrangements set out in the Act.

- Public Sector Audit Appointments will only contract with audit firms that have a proven track record in undertaking public audit work.
- Scale fees will be determined by the prices achieved in the auditor procurement and hence will not be known until the exercise is completed. However fee levels will be carefully managed by securing competitive prices from firms and by minimising Public Sector Audit Appointments own costs.
- Contracts are likely to be awarded at the end of June 2017, following which Public Sector Audit Appointments will consult on the proposed scale of fees in autumn 2017 and to publish the fees applicable for 2018/19 in March 2018.

This is still seen as the best option to pursue at the present time, minimising procurement costs and resources, maximising buying power, and hence likely to result in the lowest fees.

### **Financial Implications**

Opting-in to a national Sector Led Body is anticipated to result in the most competitive audit fees, and will remove the costs of establishing an auditor panel.

### **Human Resource Implications**

None

### **Equality and Diversity Implications**

None

### **Business Risk Implications**

There is no immediate risk to the Authority, however the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.

### **Environmental Impact**

None

### **Local Government (Access to Information) Act 1985**

### **List of Background Papers**

Paper	Date	Contact
None		
Reason for inclusion in Part II, if appropriate:		